

**GREAT NECK WATER POLLUTION
CONTROL DISTRICT
TOWN OF NORTH HEMPSTEAD - STATE OF NEW YORK**

FINANCIAL STATEMENTS
Year Ended December 31, 2016



GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
Year Ended December 31, 2016

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**GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2016**

As management of the Great Neck Water Pollution Control District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2016.

FINANCIAL HIGHLIGHTS

As reflected in the government-wide financial statements, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows at December 31, 2016 fiscal year by \$16,339,692 (net position), of which there is a balance of \$364,745 in the unrestricted amount of net assets, which means the District must meet its ongoing obligations to citizens and creditors from future revenue.

As reflected in the fund financial statements as of the close of the current fiscal year, the District's government funds reported an ending fund balance of \$3,734,984 (a increase of \$1,913,116 in comparison with the prior year). Of this amount, \$179,557 is nonspendable, \$74,118 is restricted, 342,944 is reserved for encumbrances, and \$3,138,365 is unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.

Both of the government-wide financial statements distinguish function and programs of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from programs that are intended to recover all or a significant portion of their costs through user fees and charges.

The governmental activities of the District include sewer service for more than 25,000 residents and businesses in the Villages of Great Neck, Saddle Rock, Kensington, and those parts of Thomaston, Great Neck Plaza east of Middle Neck Road, as well as all unincorporated areas north of the railroad and a part of Manhasset.

See independent auditors' report and notes to the financial statements.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2016**

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same function and programs reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Capital Fund and Debt Service Fund.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements and reconciliations can be found on pages 12 – 15 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

The fiduciary fund financial statement can be found on page 16 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 – 35 of this report.

See independent auditors' report and notes to the financial statements.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Great Neck Water Pollution Control District, assets and deferred outflows exceeded liabilities and deferred inflows by \$16,339,692 at the close of the most recent fiscal year.

The District has a net investment in capital assets, net of related debt totaling \$15,326,725 at December 31, 2016.

The remaining balance of unrestricted net position totaling \$364,745 means the District must meet its ongoing obligations to citizens and creditors from future revenue.

DISTRICT'S NET POSITION

	Governmental Activities		
	2016	2015	Change
Current and other assets	\$ 8,043,107	\$ 6,368,962	\$ 1,674,145
Capital assets	66,928,471	65,607,846	1,320,625
Deferred outflows of resources	927,220	269,332	657,888
Total assets and deferred outflows	\$ 75,898,798	\$ 72,246,140	\$ 3,652,658
Current liabilities	\$ 5,743,400	\$ 6,648,262	\$ (904,862)
Non-current liabilities	53,271,084	50,778,943	2,492,141
Deferred Inflows	544,622	32,279	512,343
Total liabilities	59,559,106	57,459,484	2,099,622
Net Position:			
Net investment in capital assets	\$ 15,326,725	\$ 16,006,226	\$ (679,501)
Restricted	648,222	602,908	45,314
Unrestricted	364,745	(1,822,478)	2,187,223
Total net position	\$ 16,339,692	\$ 14,786,656	\$ 1,553,036

Currently, the largest portion of the District's net position of \$15,326,725 reflects its net investment in capital assets (e.g. land, buildings, improvements and machinery and equipment.) Capital assets are used to provide service to citizens; consequently these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The net investment in capital assets decreased over the prior year by \$679,501, primarily as a result of additions to capital assets during the current fiscal year, as well as the reduction of the capital related debt, offset by current depreciation.

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December 31, 2016

A portion of the District's net position, \$648,222, represents resources that are subject to external restriction on how they may be used.

The remaining balance of the District's net position of \$364,745 means the District must meet its ongoing obligations to citizens and creditors from future revenue.

DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities		
	2016	2015	Change
Revenues:			
Program Revenues/Charges for Services	\$ 2,746,722	\$ 2,687,597	\$ 59,125
Capital Grants	100,000	400,000	(300,000)
General Revenues:			
Property Taxes	6,610,448	6,610,857	(409)
Interest Earnings	10,965	4,252	6,713
Premium on Bonds	36,267	15,510	20,757
Forfeitures of Deposits	1,900	3,200	(1,300)
Licences and Permits	-	1,223	(1,223)
Sale of Equipment	10,616	-	10,616
Insurance Recoveries	904	-	904
Miscellaneous	45,415	23,770	21,645
Loss on Capital Asset Dispositions	(76,172)	(9,334)	(66,838)
Total Revenues:	<u>9,487,065</u>	<u>9,737,075</u>	<u>(250,010)</u>
Expenses:			
Sewer Administration	2,031,657	1,861,155	170,502
Sanitary Sewers	2,138,470	1,895,710	242,760
Sewage Treatment	2,987,374	4,141,154	(1,153,780)
Interest on Long-Term Debt	776,528	728,138	48,390
Total Expenses:	<u>7,934,029</u>	<u>8,626,157</u>	<u>(692,128)</u>
Changes in net position	1,553,036	1,110,918	442,118
Beginning net position	<u>14,786,656</u>	<u>13,675,738</u>	<u>1,110,918</u>
Ending net position	<u>\$ 16,339,692</u>	<u>\$ 14,786,656</u>	<u>\$ 1,553,036</u>

Revenue Categories:

Program Revenues – includes charges for services which provide a direct benefit to the purchaser, including fees for sewer administration and treatment. Revenue contributed by external governments that are restricted to supporting these types of programs are also classified as program revenues as either operating or capital grants.

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General Revenues – includes revenues that are available to fund the overall government and to provide a benefit to all taxpayers in the District. This includes real property taxes miscellaneous funds that may be generated during the course of the year, such as sales on excess equipment and insurance property loss claims received.

The District's revenues decreased by \$250,010. This is primarily due to a decrease in capital grants.

Expense Categories:

The District's expenses decreased by \$692,128. This decrease is primarily the result of actual line items being less than budgeted line items specifically sewage treatment.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds – The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,734,984 an increase of \$1,913,116 in comparison to the prior year. Of this total amount \$3,138,365 constitutes unassigned fund balance, which is available for spending at the District's discretion.

General Fund – The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,138,365, while total fund balance reached \$4,237,394. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 35% of total fund expenditures, while total fund balance represents 48% of that total fund expenditures.

The fund balance of the District's General Fund increased during the current fiscal year by \$744,926 to \$4,237,394. The key factor in this was expenditures were significantly less than budgeted amounts.

Capital Projects Fund – The fund balance in the Capital Projects Fund increased during the current fiscal year by \$1,123,159 to a negative \$574,104. The key factor in this was proceeds received from a new bond.

Debt Service Fund – The fund balance in the Debt Service Fund increased during the current fiscal year by \$45,031 to \$71,694. The key factor was interest earnings and premium on bond received during the current year.

See independent auditors' report and notes to the financial statements.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2016**

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's General Fund adopted budget for the year ended December 31, 2016 was \$9,082,844.

The budget was funded through a combination of revenues. The major funding sources were real property taxes of \$6,610,448, and sewer charges and connections of \$2,298,396.

The General Fund performed favorably compared to budgeted revenues.

Actual revenues of \$9,518,199 were more than the original budget of \$8,922,844 with a positive variance of \$595,355. Sewer charges and connections of \$2,746,722 were received during the year when \$2,298,396 was anticipated.

Actual expenditures & encumbrances for the year were \$9,116,217 compared to the original budget of \$9,082,844 with a negative variance to budget of \$33,373. This variance is primarily the result of actual line items being more than budgeted line items, specifically sanitary sewer.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The District's investment in capital assets for its governmental activities as of December 31, 2016, amounts to \$66,928,471 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, and construction in progress.

As of December 31,

	<u>2016</u>	<u>2015</u>
Land	\$ 1,070,002	\$ 1,070,002
Buildings	18,695,760	18,947,768
Improvements Other Than Buildings	33,129,417	31,913,483
Machinery and Equipment	1,525,686	1,168,987
Construction in Progress	<u>12,507,606</u>	<u>12,507,606</u>
Total	<u>\$ 66,928,471</u>	<u>\$ 65,607,846</u>

Additional information on the District's capital assets is shown in Note 6 on page 26 of this report.

See independent auditors' report and notes to the financial statements.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
December 31, 2016**

DEBT ADMINISTRATION

The District borrows money in order to acquire land or equipment or construct buildings and improvements or infrastructure. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. The District pledges its full faith and credit for the payment of principal and interest.

As of December 31,

	<u>2016</u>	<u>2015</u>
Serial Bonds	\$ 51,027,642	\$ 49,953,193
Compensated Absences	45,287	44,142
Net Pension Liability	868,668	178,613
Other Postemployment Benefits	<u>2,974,472</u>	<u>2,528,545</u>
Total	<u>\$ 54,916,069</u>	<u>\$ 52,704,493</u>

Additional information on the District's outstanding debt is shown in Note 7 on pages 27-28 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2017 budget appropriations are \$9,429,495 which is about 3% more than the current year's budget. Sanitary sewers have been increased \$712,500. Property tax collections will increase by \$46,385.

REQUEST FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any information provided in this report should be addressed to the District at 236 East Shore Road, Great Neck, NY 11023.

See independent auditors' report and notes to the financial statements.

INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Commissioners
of the Great Neck Water Pollution Control District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Great Neck Water Pollution Control District ("the District"), a component unit of the Town of North Hempstead, New York, as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Great Neck Water Pollution Control District as of December 31, 2016 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 7, the schedule of funding progress for the retiree health plan benefits on page 36, the budgetary comparison schedule on page 37, the schedule of the District's proportionate share of the net pension liability on page 38, and the schedule of the District's contributions on page 39, be presented to supplement the basic financial statements. Such information, although are not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Satty, Levine & Ciacco, CPAs, P.C.
Jericho, New York
April 27th, 2017

GREAT NECK WATER POLLUTION CONTROL DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD - STATE OF NEW YORK
STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS AND DEFERRED OUTFLOWS</u>	
CURRENT ASSETS:	
Cash	\$ 3,010,028
Restricted Cash	4,684,808
Accounts Receivable	107,420
Due From Other Governments	100,000
Prepaid Expenses	136,267
Deposits	640
Due From Fiduciary Fund	3,944
TOTAL CURRENT ASSETS	<u>8,043,107</u>
NON-CURRENT ASSETS:	
Non-depreciable capital assets	13,577,608
Depreciable capital assets (net)	53,350,863
TOTAL NON-CURRENT ASSETS	<u>66,928,471</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows - pension related benefits	927,220
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>927,220</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 75,898,798</u>
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>	
CURRENT LIABILITIES:	
Accounts Payable	\$ 699,628
Retained Percentages, Contracts Payable	43,911
Contract Deposits	17,827
BAN Payable	2,750,000
Loan Payable EFC	371,417
Due to Other Governments	21,522
Accrued Payroll and Benefits	31,828
Accrued Interest	162,282
Current portion of long term liabilities (due within one year)	
General obligation bonds payable	1,644,985
TOTAL CURRENT LIABILITIES	<u>5,743,400</u>
NON-CURRENT LIABILITIES:	
General obligation bonds payable	49,382,657
Proportionate share of net pension liability	868,668
Compensated Absences	45,287
Postemployment benefits other than pensions	2,974,472
TOTAL NON-CURRENT LIABILITIES	<u>53,271,084</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred revenue	415,280
Deferred inflows - pension related benefits	129,342
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>544,622</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>59,559,106</u>
NET POSITION:	
Net Investment in Capital Assets	15,326,725
Restricted for:	
Capital Repairs	576,528
Debt Service	71,694
Unrestricted	364,745
TOTAL NET POSITION	<u>16,339,692</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 75,898,798</u>

See independent auditors' report and notes to the financial statements.

GREAT NECK WATER POLLUTION CONTROL DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD - STATE OF NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u> <u>Charges for</u> <u>Services</u>	<u>Capital</u> <u>Grants</u>	<u>Net (Expense)</u> <u>Revenue and Changes</u> <u>In Net Position</u> <u>Governmental</u> <u>Activities</u>
Governmental Activities:				
Sewer Administration	\$ 2,031,657	\$ -	\$ 100,000	\$ (1,931,657)
Sanitary Sewers	2,138,470	-	-	(2,138,470)
Sewage Treatment	2,987,374	2,746,722	-	(240,652)
Interest on Long-Term Debt	776,528	-	-	(776,528)
Total Governmental Activities	<u>\$ 7,934,029</u>	<u>\$ 2,746,722</u>	<u>\$ 100,000</u>	<u>(5,087,307)</u>
General Revenues:				
Taxes:				
Property Taxes-levied for general purposes				6,610,448
Interest Earnings				10,965
Premium on bonds				36,267
Forfeitures of Deposits				1,900
Sale of Equipment				10,616
Miscellaneous				46,319
Loss on the disposal of capital assets				(76,172)
Total General Revenues				<u>6,640,343</u>
Change In Net Position				<u>1,553,036</u>
Net Position - Beginning				<u>14,786,656</u>
Net Position - Ending				<u>\$ 16,339,692</u>

See independent auditors' report and notes to the financial statements

GREAT NECK WATER POLLUTION CONTROL DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD - STATE OF NEW YORK
GOVERNMENTAL FUNDS BALANCE SHEET
FOR THE YEAR ENDED DECEMBER 31, 2016

	Governmental Fund Types			Totals
	General	Capital Projects	Debt Service	
<u>ASSETS</u>				
Cash	\$ 2,938,334	\$ -	\$ 71,694	\$ 3,010,028
Restricted Cash	576,528	4,108,280	-	4,684,808
Accounts Receivable	46,580	60,840	-	107,420
Due From Other Governments	100,000	-	-	100,000
Prepaid Expenses	179,557	-	-	179,557
Due From Other Funds	1,549,829	-	-	1,549,829
Due from Fiduciary	3,944	-	-	3,944
Deposits	640	-	-	640
TOTAL ASSETS	\$ 5,395,412	\$ 4,169,120	\$ 71,694	\$ 9,636,226
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ 666,178	\$ 33,450	\$ -	\$ 699,628
Retained Percentages, Contracts Payable	5,383	38,528	-	43,911
Contract Deposits	17,827	-	-	17,827
Accrued Liabilities	31,828	-	-	31,828
BAN Payable	-	2,750,000	-	2,750,000
Loan Payable EFC	-	371,417	-	371,417
Due to Other Governments	21,522	-	-	21,522
Deferred revenue	415,280	-	-	415,280
Due to Other Funds	-	1,549,829	-	1,549,829
TOTAL LIABILITIES	1,158,018	4,743,224	-	5,901,242
Fund Balances:				
Nonspendable:				
Prepaid Items	179,557	-	-	179,557
Restricted:				
Debt Service	-	-	71,694	71,694
Capital Projects	576,528	(574,104)	-	2,424
Assigned:				
Encumbrance	342,944	-	-	342,944
Unassigned Fund Balance	3,138,365	-	-	3,138,365
TOTAL FUND BALANCE	4,237,394	(574,104)	71,694	3,734,984
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,395,412	\$ 4,169,120	\$ 71,694	\$ 9,636,226

See independent auditors' report and notes to the financial statements.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD - STATE OF NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016**

Total fund balance - total governmental funds \$ 3,734,984

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. 66,928,471

Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in the governmental funds balance sheet. (162,282)

Proportionate share of long-term asset and liability, and deferred outflows and inflows associated with participation in the state retirement system are not current financial resources or obligations and are not reported in the funds.

Prepaid Expenses	(43,290)
Deferred Outflows of Resources	927,220
Deferred Inflows of Resources	(129,342)
Net Pension Liability - Employees' Retirement System	(868,668)

Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet. (54,047,401)

Net position of governmental activities \$ 16,339,692

GREAT NECK WATER POLLUTION CONTROL DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD - STATE OF NEW YORK
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Governmental Fund Types			
	General	Capital Projects	Debt Service	Totals
Revenues:				
Real Property Taxes	\$ 6,610,448	\$ -	\$ -	\$ 6,610,448
Sewer Charges and Connections	2,746,722	-	-	2,746,722
Interest, Rents and Commissions	2,194	11	8,764	10,969
Licenses and Permits	-	-	-	-
Forfeitures of Deposits	1,900	-	-	1,900
Sale of Equipment	10,616	-	-	10,616
Miscellaneous Local Sources	46,319	-	-	46,319
State Aid - Grant	100,000	-	-	100,000
Total Revenues	9,518,199	11	8,764	9,526,974
Expenditures:				
Current:				
Sewer Administration	788,022	-	-	788,022
Sanitary Sewers	1,784,621	-	-	1,784,621
Sewage Treatment and Disposal	2,346,638	-	-	2,346,638
Insurance	217,871	-	-	217,871
Employee Benefits	809,370	-	-	809,370
Total Current	5,946,522	-	-	5,946,522
Debt Service	2,826,751	-	-	2,826,751
Capital Outlay	-	1,876,852	-	1,876,852
Total Expenditures	8,773,273	1,876,852	-	10,650,125
Excess (Deficiency) of Revenues over Expenditures	744,926	(1,876,841)	8,764	(1,123,151)
Other Financing Sources and (Uses)				
Proceeds on Bonds	-	3,000,000	-	3,000,000
Premium on Bonds	-	-	36,267	36,267
Total Other Financing Sources	-	3,000,000	36,267	3,036,267
Excess of Revenues and Other Sources over Expenditures and Other Uses	744,926	1,123,159	45,031	1,913,116
Fund Balance (Deficit) - Beginning of Year	3,492,468	(1,697,263)	26,663	1,821,868
Fund Balance (Deficit) - End of Year	\$ 4,237,394	\$ (574,104)	\$ 71,694	\$ 3,734,984

See independent auditors' report and notes to the financial statements.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD - STATE OF NEW YORK
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Net change in fund balances - total governmental funds	\$ 1,913,116
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	3,408,789
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(2,011,992)
Losses on the disposal of assets are reported in the government-wide statement of activities, but are not recorded to the governmental funds.	(76,172)
On the statement of activities the actual and projected long term expenditures for postemployment benefits are reported whereas on the funds only the actual expenditures are recorded for postemployment benefits.	(445,927)
Changes in the districts proportionate share of pension liabilities have no effect on current financial resources and therefore are not reported in the governmental funds. In addition, changes to the districts deferred outflows and inflows related to pensions do not affect current financial resources and are also not reported in the governmental funds.	
Employer Retirement System	(690,055)
Prepaid Expense	8,541
Deferred Inflows	(97,063)
Deferred Outflows	657,888
Payment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,925,497
Accrued interest payable is recognized for governmental activities, but is not due and payable in the current period and therefore is not reported as a liability in the governmental funds. The change in the liability is recognized.	(38,441)
Some expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Change in Long-term Compensated Absences	(1,145)
Proceeds from bonds	<u>(3,000,000)</u>
Change in net position of governmental activities	<u>\$ 1,553,036</u>

See independent auditors' report and notes to the financial statements.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD - STATE OF NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 102,863
TOTAL ASSETS	<u>\$ 102,863</u>
<u>LIABILITIES</u>	
Due To General Fund	\$ 3,944
Deposits Held	<u>98,919</u>
TOTAL LIABILITIES	<u>\$ 102,863</u>

See independent auditors' report and notes to the financial statements.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Note 1. Summary of Significant Accounting Policies

A. Organization

The Great Neck Water Pollution Control District (“District”) was founded approximately in 1914. The District serves more than 25,000 residents and businesses in the Villages of Great Neck, Saddle Rock, Kensington, and those parts of Thomaston, Great Neck Plaza east of Middle Neck Road, as well as all unincorporated areas north of the railroad and a part of Manhasset.

The financial statements of the District were prepared in accordance with generally accepted accounting principles generally accepted in the United States of America (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is responsible for establishing governmental accounting and financial reporting principals for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

B. Financial Reporting Entity

Great Neck Water Pollution Control District is a component unit of the Town of North Hempstead. The Town approves the District budget, levies and collects the Real Property Taxes, maintains the District’s debt service and capital disbursements. In addition, Town approval is required for all debt issues.

Subject to the provisions of the State Constitution, the District is a political subdivision of the State of New York and operates pursuant to the Town Law, the Local Finance Law and other general laws of the State of New York.

The legislative power of the District is vested in the Board of Commissioners. There are three members of the Board, each of whom is elected for a term of three years.

All governmental activities and function/programs performed for the Great Neck Water Pollution Control District are its direct responsibility.

The financial reporting entity consists of (a) the District (b) organizations for which the District is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 61.

C. Basis of Presentation

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transaction are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic resource measurement focus of the Statement of Activities, compared with the current financial measurement focus of the governmental funds.

Government-wide Financial Statements

The Government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. The effect of interfund activity, within the governmental column has been removed from these statements.

In the government-wide Statement of Net Position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net position is reported in three components-net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other tax items are not included in program revenues but are reported instead as general revenues.

Fund Financial Statements

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

- a. General fund is the general operating fund of the District. It is used to account for and report all financial resources except those required to be accounted for in another fund.
- b. Capital fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including for the acquisition or construction of major capital assets.
- c. Debt service fund is used to account for and report the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income and financial position. All assets and liabilities are included on the Statement of Fiduciary Net Position. These activities are not included in the government-wide financial statements because their resources are not available to be used. The District has presented the following Fiduciary Fund:

1. Agency Funds account for assets held by the District in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. Agency Funds consist of deposits held by the District.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities are recognized in the account and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured (i.e. expenditures or expenses.)

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Note 1. Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, except that:

- a. Expenditures for prepaid expenses and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as an expenditure until due.
- c. Compensated absences such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

E. Budgetary Data

Budgets are adopted annually. All budget amounts provided in this report have been modified where necessary. The District's procedures in establishing the budgetary data reflected in the financial statements are as follows:

- a. On or before September 20th, the budget officer prepares estimates for each administrative unit.
- b. A public hearing is conducted to obtain taxpayers comments. Prior to September 30th, the Board submits a tentative budget to the Town Board of the Town of North Hempstead for the fiscal year commencing the following January 1st. This budget includes proposed expenditures and the means of financing for the General Fund.
- c. A public hearing is conducted by the Town Board of the Town of North Hempstead to obtain comments.
- d. No later than November 20th, the Town Board of the Town of North Hempstead adopts the budget of the Great Neck Water Pollution Control District.

All modifications of the budget must be approved by the Town Board of the Town of North Hempstead.

F. Cash, Cash Equivalents and Investments

The District primarily maintains its cash and investments in individual segregated accounts grouped by fund. All investments with an original maturity of three months or less when purchased are considered cash equivalents. Cash on deposit with financial institutions is collateralized in accordance with state statutes.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

H. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Note 1. Summary of Significant Accounting Policies (Continued)

H. Interfund Transactions (Continued)

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

A detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity is provided subsequently in these notes.

I. Receivables

Receivables include amounts due from Federal, State and other governments or entities for services provided by the District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred.

J. Prepaid Items

Prepaid items in the fund and government-wide statements represent expenses paid that will benefit the subsequent period.

K. Capital Assets

Capital assets are reported in the applicable governmental activities columns in the government-wide financial statements. All capital assets purchased or acquired with an original cost of \$1,000 or more and an estimated useful life in excess of one year are reported at historical cost or estimated historical cost if the actual historical cost is not available. Contributed assets are reported at a fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure assets for governmental activities after December 31, 1980, consisting of certain improvements other than buildings, including roads, curbs, sidewalks, drainage system, street lighting and sewer system are capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	10-50 years
Improvements Other Than Buildings	5-50 years
Machinery and Equipment	5-50 years

The District evaluated prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. December 31, 2016, the District has not recorded any such impairment losses.

L. Collections in Advance

Collections in advance represent a liability for fees which pertain to services that will be provided by the District in the next fiscal year.

M. Grant Advances

Grant advances represent a liability for grant revenues collected in advance of eligible grant expenditures.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Note 1. Summary of Significant Accounting Policies

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports one item which qualifies for reporting in this category. This is related to pension transactions reported in the government-wide statement of net position. This represents the difference between expected and actual experience, changes of assumptions, the net difference between projected and actual investment earnings on pension plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions, and the District's contributions to the pension system subsequent to the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports two items which qualifies for reporting in this category. The first is related to pension transactions reported in the government-wide statement of net position. This represents the difference between expected and actual experience, the net difference between projected and actual investment earnings on pension plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions. The second item is related to deferred revenue.

O. Compensated Absences

District employees are granted vacation and sick leave. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave at various rates subject to certain maximum limitations. The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and noncurrent obligations in the government-wide statements. In the fund financial statements only the compensated absence liability payable from expendable available resources is incurred. In accordance with the provisions of GASB Statement No 16 entitled *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

P. Other Benefits

Eligible District employees participate in the New York State Employees' Retirement System.

In addition to providing pension benefits, the District provides postemployment health insurance coverage for retired employees. The District accounts for these postemployment benefits in accordance with GASB Statement No. 45 (GASB 45) *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In the government-wide statements, postemployment costs are measured and disclosed using the accrual basis of accounting. The cost of providing these benefits is recorded as an expenditure in governmental funds in the year paid.

Q. Short-Term Debt

The District issues Bond Anticipation Notes (BAN's) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

R. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements, when due. Long-term liabilities and obligations are liquidated through future budgetary appropriations of the general fund. Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due within one year or due in more than one year in the Statement of Net Position.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Note 1. Summary of Significant Accounting Policies (Continued)

S. Insurance

The District insures against the liability for most risk including, but not limited to, property damage and personal injury liability. Judgment and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

T. Equity Classifications

Government-wide Statements

In the government-wide statements there are three classes of net position:

Net investment in capital assets— consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports all other net position that do not meet the definition of “restricted” or net invested in capital assets and are deemed to be available for general use by the District.

Governmental Fund Financial Statements

Fund balance consists of five classifications; nonspendable, restricted, committed, assigned and unassigned, however, the District only utilizes the following four:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, prepaid amounts.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Restricted fund balances, including reserves in accordance with New York State law, are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund.

Restricted reserves currently in use by the District include the following:

Capital Projects – the capital project fund is restricted to the individual purpose for which bonds were issued or funds have been accumulated.

Debt Service – the reserve for debt is a mandatory reserve and represents the interest earnings on proceeds for capital projects which use is limited to debt service on the related debt. This reserve also includes unspent debt-financed capital project funds, which use is also restricted to debt service on the related debt.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District’s Board of Directors. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriate to partially fund the subsequent year’s budget and may also include encumbrances not classified as restricted at the end of the year.

Unassigned – Represents the residual classification for the District’s general fund and could report a surplus or deficit. In funds other than the general fund, unassigned classification should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Note 1. Summary of Significant Accounting Policies (Continued)

T. Equity Classifications (Continued)

The Board of Directors shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, if any, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the assigned fund balance to the extent that there is an assignment and then from the unassigned fund balance.

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements.

U. Newly Adopted Accounting Principles

Effective January 1, 2016, the District adopted GASB Statement No. 72, Fair Value Measurement and Application. This Statement provides guidance for determining fair value measurement for financial reporting purposes, guidance for applying fair value to certain investments, and disclosures related to all fair value measurements.

Effective January 1, 2016, the District adopted GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments; Statement No. 77, Tax Abatement Disclosures; Statement No. 78, Pensions Provided Through Certain Multiple Employer Defined Benefit Plans; and Statement No. 79, Certain External Investment Pools and Pool Participants. There was no financial reporting impact as a result of the adoption of these Standards.

Note 2. Budget Basis of Accounting

District Management prepares a proposed budget for approval by the Board of Commissioners for the General Fund, the only fund with a legally adopted budget. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized in the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists, which was not determined at the time the budget was adopted. During the year, the Board approved additional appropriations of \$37,000.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Budgets are established and used for individual Capital Project Fund expenditures as approved by the Board. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects

GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 3. Real Property Taxes

Real property taxes are collected on behalf of the District by the Town of North Hempstead. The County of Nassau is responsible for remitting 100% of the annual tax levy to the Town of North Hempstead. All unpaid taxes then become the responsibility of the County of Nassau.

Note 4. Cash And Investments

The District investment policies are governed by state statutes. In addition, the District has its own written investment policy. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 100 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 100 percent of the cost of the repurchase agreement.

Deposits and investments at year-end were entirely covered by federal deposit insurance and/or by collateral held by a custodial bank in the District's name.

Cash and investments at December 31, 2016 consisted of:

Checking - interest bearing	\$ 3,626,777
Checking - non interest bearing	104,503
On deposit with the Comptroller, Town of North Hempstead	<u>4,156,904</u>
Total Balances	<u><u>\$ 7,888,184</u></u>
Amount FDIC Insured	\$ 354,503
Collateral Held by District's Custodial Banks	3,376,777
On deposit with the Comptroller, Town of North Hempstead	<u>4,156,904</u>
Total Balances	<u><u>\$ 7,888,184</u></u>

See independent auditors' report.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Note 4. Cash And Investments (Continued)

Custodial credit risk for deposits exist when, in the event of the failure of a depository financial institution, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Governmental Accounting Standards Board Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- Uncollateralized,
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name.

Collateral is required for that portion of deposits not covered by Federal Deposit Insurance Corporation or security in the form of a letter of credit (LOC) from the Federal Home Loan Bank (FHLB) is required. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

At December 31, 2016, the cash in banks were entirely collateralized by the FDIC insurance, FHLB/LOC or securities held by the bank, in trust or third party, in the name of the District.

Note 5. Interfund Receivables and Payables

The composition of the General Fund interfund balances at December 31, 2016, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 1,549,829
General Fund	Trust Fund	3,944
Total - Fund Financial Statements		<u>1,553,773</u>
Less: Fund Eliminations		<u>(1,549,829)</u>
Total Intefund Balances - Government Wide Statement of Net Position		<u><u>\$ 3,944</u></u>

GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 6. Change in Capital Assets

Capital assets transactions for the year ended December 31, 2016 were as follows:

	Beginning Balance 1/1/2016	Addition / Transfers	Retirements / Transfers	Ending Balance 12/31/16
NON-DEPRECIABLE CAPITAL ASSETS				
Land	\$ 1,070,002	\$ -	\$ -	\$ 1,070,002
Construction in progress	12,507,606	-	-	12,507,606
TOTAL NON-DEPRECIABLE ASSETS	13,577,608	-	-	13,577,608
DEPRECIABLE CAPITAL ASSETS				
Buildings	24,584,499	274,459	(18,500)	24,840,458
Improvements Other Than Buildings	40,143,986	2,509,460	(580,825)	42,072,621
Machinery and equipment	3,760,204	624,870	(693,740)	3,691,334
TOTAL DEPRECIABLE CAPITAL ASSETS	68,488,689	3,408,789	(1,293,065)	70,604,413
LESS: ACCUMULATED DEPRECIATION				
Buildings	5,636,731	519,347	(11,380)	6,144,698
Improvements Other Than Buildings	8,230,503	1,257,993	(545,292)	8,943,204
Machinery and equipment	2,591,217	234,652	(660,221)	2,165,648
TOTAL ACCUMULATED DEPRECIATION	16,458,451	\$ 2,011,992	\$ (1,216,893)	17,253,550
Depreciable capital assets, net of accumulated depreciation	52,030,238			53,350,863
TOTAL NET CAPITAL ASSETS	\$ 65,607,846			\$ 66,928,471
Sewer administration				26,001
Sanitary Sewers				21,898
Sewage treatment and disposal				1,964,093
Total governmental activities depreciation expense				\$ 2,011,992

See independent auditors' report.

GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 7. Long-Term Debt

The following is a summary of changes in long-term liabilities for the period ended December 31, 2016:

	Beginning Balance 1/1/2016	Additions	Reductions	Ending Balance 12/31/2016	Due in one year
Serial Bonds	\$ 49,953,139	\$ 3,000,000	\$ (1,925,497)	\$ 51,027,642	\$ 1,644,985
Postemployment benefits	2,528,545	445,927	-	2,974,472	-
Net pension liability	178,613	1,088,729	(398,674)	868,668	-
Compensated absences	44,142	1,145	-	45,287	-
Total Long-Term Liabilities	<u>\$ 52,704,439</u>	<u>\$ 4,535,801</u>	<u>\$ (2,324,171)</u>	<u>\$ 54,916,069</u>	<u>\$ 1,644,985</u>

Increases and decreases to compensated absences are shown net since it is impractical to determine these items separately

Serial Bonds - The District borrows money in order to acquire land, and equipment, to construct roads and other improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of these capital assets. These long-term liabilities are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

The following is a schedule of general obligation bonds:

Description of Issue	Original Issue	Issued Date	Final Maturity	Rate	Amount Outstanding
1992 Waste Water Treatment Works	\$ 8,192,000	11/92	11/16	2.9%-6.4%	\$ -
2003 Various Purpose (2015 Refunding)	224,315	7/14	7/19	2%-5%	47,642
2012 Improvement Bonds	54,148,000	10/12	10/42	1.3%-2.5%	47,980,000
2016 Public Improvement Serial Bonds	3,000,000	3/16	9/46	2.35%	3,000,000
Total Serial Bonds					<u>\$ 51,027,642</u>

GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 7. Long-Term Debt (Continued)

Future principal and interest payments to maturity are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,644,985	\$ 775,611	\$ 2,420,596
2018	1,648,582	770,161	2,418,743
2019	1,660,012	760,322	2,420,334
2020	1,654,240	748,503	2,402,743
2021	1,665,016	735,309	2,400,325
2022-2026	8,598,727	3,392,014	11,990,741
2027-2031	9,327,570	2,725,857	12,053,427
2032-2036	10,313,842	1,891,614	12,205,456
2037-2041	11,527,545	951,058	12,478,603
Thereafter	2,987,123	107,143	3,094,266
TOTALS	\$ 51,027,642	\$ 12,857,591	\$ 63,885,233

Other long-term liabilities

In addition to the above long term debt, the local government has the following non-current liabilities:

Postemployment Benefits – In addition to providing benefits, the District provides postemployment health insurance coverage for retired employees. Additional information can be found subsequently in these notes.

Note 8. Pension Plan

**State Wide Local Government Retirement System
Plan Description**

The District participates in the New York State and Local Employees' Retirement System (ERS) and the Public Employees' Group Life Insurance Plan collectively known as NYSLRS. These are cost-sharing multiple-employer retirement systems. The NYSLRS provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the NYSLRS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the NYSLRS and for the custody and control of its funds. The NYSLRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 8. Pension Plan (Continued)

Funding Policy

The NYSLRS is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 will contribute 3 percent of their salary for their first ten years of membership, and employees who joined on or after April 1, 2012 (ERS) will generally contribute 3 to 6 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarial rates expressly used in computing the employers' contributions based on salaries paid during the NYSLRS fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2016	\$232,592
2015	\$218,344
2014	\$219,866

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions

December 31, 2016, the District reported a liability of \$868,668 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System to the District.

	<u>ERS</u>
Actuarial valuation date	April 1, 2015
Net pension liability	868,668
District's portion of the plan's net pension liability	0.0054122%

For the year ended December 31, 2016 the District recognized pension expense of \$181,700. At December 31, 2016, the District reported deferred outflows of resources related to pensions from the following sources:

	<u>ERS</u>
Differences between expected and actual experience	\$ 4,390
Changes of Assumptions	231,647
Net difference between projected and actual investment earnings on pension plan investments	515,341
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,684
Employer contributions subsequent to the measurement date	<u>173,158</u>
Total deferred outflows of resources	<u>\$ 927,220</u>

See independent auditors' report.

GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 8. Pension Plan (Continued)

At December 31, 2016, the District reported deferred inflows of resources related to pensions from the following sources:

	<u>ERS</u>
Differences between expected and actual experience	\$ 102,966
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>26,376</u>
Total deferred inflows of resources	<u>\$ 129,342</u>

The District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the years ended December 31,	<u>ERS</u>
2017	\$ 156,513
2018	156,513
2019	156,513
2020	155,180
2021	-
Thereafter	<u>-</u>
	<u>\$ 624,719</u>

Actuarial Assumptions

The total pension liability at March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the valuation were as follows:

	<u>ERS</u>
Interest Rate	7.0%
Salary scale	3.8%
Decrement tables	April 1, 2010-March 31, 2015 System's Experience
Inflation rate	2.5%

See independent auditors' report.

GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 8. Pension Plan (Continued)

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Real estate	8.00%	8.25%
Alternative investments	19.00%	6.75-11.00%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation index bonds	2.00%	4.00%
	<u>100.00%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 8. Pension Plan (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) and 1 percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Assumptions (7.0%)	1% Increase (8.0%)
Authority's proportionate share of the net pension liability/(asset)	<u>\$ 1,958,781</u>	<u>\$ 868,668</u>	<u>\$ (52,433)</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2016, were as follows:

	Employees' Retirement System
	<i>(Dollars in Millions)</i>
Employers' total pension liability	\$ (172,303)
Plan net position	<u>156,253</u>
Employers' net pension assets/(liability)	<u>\$ (16,050)</u>
Ration of plan net position to the employers' total pension liability	90.70%

Note 9. Other Postemployment Benefits – (OPEB)

Plan Description

The District sponsors a single employer health care plan that provides postemployment medical benefits for eligible retirees and their spouses through the New York State Health Insurance Plan (NYSHIP) (the "Plan"). Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. The District does not issue a publicly available financial report for the plan; however, the financial activities of NYSHIP are included with the financial statements of the State of New York.

Funding Policy

The Plan provides a specified percentage of the retiree health premium (and, if applicable, the retiree's spouse's premium) charged by the insurance carrier is paid by the District. The District will pay 100% of the individual employee's health premium.

GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

Note 9. Other Postemployment Benefits – (OPEB) (Continued)

At this time there is no New York State statute providing local governments with the authority for establishing a postemployment benefits trust. Since the District cannot fund the OPEB liability at this time, the required contribution is based on a projected pay-as-you-go financing requirements. The contribution requirements of Plan members and the District are established by the Board of Commissioners. For the year ended December 31, 2016, the District recognized a general fund expenditure of \$104,633 for currently enrolled retirees.

Annual OPEB Cost and Net OPEB Obligation

The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in District’s net OPEB obligation to the retiree:

Annual required contribution	\$ 610,696
Interest on net OPEB obligation	50,571
Adjustment to annual required contribution	<u>(110,707)</u>
Annual OPEB cost (expense)	550,560
Age adjusted contributions made	<u>(104,633)</u>
Change in net OPEB obligation	445,927
Net OPEB obligation - beginning of year	<u>2,528,545</u>
Net OPEB obligation - end of year	<u><u>\$ 2,974,472</u></u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2016, 2015 and 2014 were as follows:

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 610,696	\$ 550,560	90.2%	\$ 2,974,472
2015	\$ 610,696	\$ 561,776	92.0%	\$ 2,528,545
2014	\$ 610,696	\$ 521,175	85.3%	\$ 2,056,977

Note 10. Commitments and Contingencies

Federal and State Grants

The District is a recipient of various Federal and State grants. These grants are administered by various agencies. These grants are subject to various compliance and financial audits by the respective agencies administering the grants, which could result in certain disallowances. The Board believes that they have substantially complied with the rules and regulations as specified under the various grant agreements as well as the rules and regulations of the respective agency for each grant.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Note 10. Commitments and Contingencies (Continued)

Other

The District is subject to litigation in the ordinary conduct of its affairs. Management does not believe however, that such litigation, individually or in the aggregate, is likely to have a material effect on the financial statements.

Note 11. Subsequent Events

The District has evaluated events and transactions that occurred through April 27, 2016, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Note 12. Recent Accounting Principles

The GASB has issued the following Statement which will be effective in future years:

In June 2015, GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. This Statement replaces GASB Statement No. 43 and expands certain note disclosures and requires certain postemployment benefits to be reported in a government's fiduciary funds. The requirements of Statement No. 74 are effective for financial statements with periods beginning after June 15, 2016. The District is in the process of evaluating the impact of this standard on its financial statements.

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement replaces GASB Statement No. 45 and reestablishes criteria that requires a government to report liabilities on the face of the financial statements. In addition, GASB No. 75 expands previously required disclosures and required supplementary information ("RSI") as it pertains to OPEBs. The requirements of Statement No. 75 are effective for financial statements with periods beginning after June 15, 2017. The District is in the process of evaluating the impact of this standard on its financial statements.

In January 2016, GASB issued Statement No. 80, Blending Requirements for Certain Component Units – an amendment of GASB No. 14. This Statement changes how certain component units incorporated as not-forprofit corporations should be presented in the financial statements of the primary state or local government. Specifically, such component units must be "blended into the primary state or local government's financial statements in a manner similar to a department or activity of the primary government. This Statement is effective for reporting periods beginning after June 15, 2016. The District is in the process of evaluating the impact of this standard on its financial statements.

In March 2016, GASB issued Statement No. 81, Irrevocable Split-Interest Agreements. This Standard requires that governments who are the recipients of resources under such agreements must record the respective assets, liabilities and deferred inflows of their interest in the agreement at the time of inception. This Statement is effective for reporting periods beginning after December 15, 2016. The District is in the process of evaluating the impact of this standard on its financial statements.

In March 2016, GASB issued Statement No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73. This Standard clarifies certain issues raised in practice during the application and implementation of the pension standards and enhances consistency by clarifying existing standards. Portions of this Statement are effective for reporting periods beginning after June 15, 2016. Guidance provided under this standard for the "selection of assumptions" is effective for the employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The District is in the process of evaluating the impact of this standard on its financial statements.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
(A Component Unit of the Town of North Hempstead, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2016**

Note 12. Recent Accounting Principles (Continued)

GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement, issued in November 2016, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Governments that have legal obligations to perform certain future asset retirement activities related tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District is in the process of evaluating the impact of this standard on its financial statements.

In January 2017, GASB issued Statement No. 84, Fiduciary Activities. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2018. The District is in the process of evaluating the impact of this standard on its financial statements.

GREAT NECK WATER POLLUTION CONTROL DISTRICT

(A Component Unit of the Town of North Hempstead, New York)

SCHEDULE OF FUNDING PROGRESS OTHER POSTEMPLOYMENT BENEFITS (Unaudited)

Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
12/31/14	\$ -	\$ 4,724,504	\$ 4,724,504	0%	\$ 1,104,010	428%
12/31/12	\$ -	\$ 4,005,281	\$ 4,005,281	0%	\$ 1,083,693	370%
12/31/10	\$ -	\$ 2,999,546	\$ 2,999,546	0%	\$ 1,027,234	292%
12/31/08	\$ -	\$ 1,651,849	\$ 1,651,849	0%	\$ 778,426	212%

Next valuation date will be at 12/31/17.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD - STATE OF NEW YORK
BUDGETARY COMPARISON SCHEDULE (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original Budget	Modified Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
Revenues:					
Real Property Taxes	\$ 6,610,448	\$ 6,610,448	\$ 6,610,448		\$ -
Sewer Charges and Connections	2,298,396	2,335,396	2,746,722		411,326
Insurance Recoveries	-	-	10,616		10,616
Interest, Rents and Commissions	2,000	2,000	2,194		194
Forfeitures of Deposits	-	-	1,900		1,900
Miscellaneous Local Sources	12,000	12,000	46,319		34,319
State Aid - Grant	-	-	100,000		100,000
Total Revenues	8,922,844	8,959,844	9,518,199		\$ 558,355
Other Financing Sources:					
Appropriated Fund Balance	160,000	160,000	-		
Total Revenues and other financing sources	\$ 9,082,844	\$ 9,119,844	\$ 9,518,199		
Expenditures:					
Current:					
Sewer Administration	\$ 801,000	\$ 789,000	\$ 788,022	\$ -	\$ 978
Sanitary Sewers	1,665,500	2,091,500	1,784,621	306,136	743
Sewage Treatment and Disposal	2,651,090	2,384,090	2,346,638	36,808	644
Insurance	250,000	218,000	217,871	-	129
Employee Benefits	897,847	809,847	809,370	-	477
Total Current	6,265,437	6,292,437	5,946,522	342,944	2,971
Debt Service	2,817,407	2,827,407	2,826,751	-	656
Total Expenditures	\$ 9,082,844	\$ 9,119,844	\$ 8,773,273	\$ 342,944	\$ 3,627

See independent auditors' report and notes to the financial statements.

**GREAT NECK WATER POLLUTION CONTROL DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD-STATE OF NEW YORK
REQUIRED SUPPLEMENTAL INFORMATION (Unaudited)
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF
THE NYSLRS PENSION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016
District's proportion of the net pension liability	0.0054122%
District's proportionate share of the net pension liability	\$ 868,668
District's covered-employee payroll	\$ 1,125,358
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	77.19%
Plan fiduciary net position as a percentage of the total pension liability	90.70%

See independent auditors' report and notes to the financial statements.

GREAT NECK WATER POLLUTION CONTROL DISTRICT
A COMPONENT UNIT OF THE TOWN OF NORTH HEMPSTEAD-STATE OF NEW YORK
REQUIRED SUPPLEMENTAL INFORMATION (Unaudited)
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO THE NYSLRS PENSION PLAN
FOR THE YEARS ENDED DECEMBER 31,

<u>NYSLRS Pension Plan</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 215,964	\$ 218,344	\$ 219,892	\$ 181,123	\$ 150,917	\$ 107,103	\$ 55,370	\$ 66,847	\$ 59,113	\$ 76,661
Contributions in relation to the contractually required contribution	<u>232,592</u>	<u>218,344</u>	<u>219,892</u>	<u>181,123</u>	<u>150,917</u>	<u>107,103</u>	<u>55,370</u>	<u>66,847</u>	<u>59,113</u>	<u>76,661</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
District's covered-employee payroll	\$ 1,125,358	\$ 1,109,380	\$ 1,088,054	\$ 954,697	\$ 933,767	\$ 906,028	\$ 869,399	\$ 787,803	\$ 695,816	\$ 677,259
Contributions as a percentage of covered-employee payroll	20.7%	19.7%	20.2%	19.0%	16.2%	11.8%	6.4%	8.5%	8.5%	11.3%

See independent auditors' report and notes to the financial statements.